

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EB/TRA:JATWOOD:ME
APPROVED BY EB:JLKATZ
WHITE HOUSE:MSCHUMAN
DOT:WKUTZKE
EUR/NE:RFUNSETH (SUBS)
S/S:JETHYDEN
CAB:DFARMER
DESIRED DISTRIBUTION
EB ONLY

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O 102126Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 148149

EXDIS

E.O. 11652: GDS

TAGS: EAIR, UK

SUBJECT: CIVAIR; UK REPLY TO PRESIDENT'S LETTER ON DUAL
DESIGNATION

1. SUMMARY. AMBASSADOR REQUESTED TO RAISE SUBJECT WITH
DELL AT MONDAY MORNING MEETING. WHITE HOUSE EMPHASIZES
IMPORTANCE OF ISSUE TO PRESIDENT AND HIS PERSONAL COMMIT-
MENT TO CONGRESSIONAL LEADERS TO PRESS FOR APPROVAL OF
BOSTON DUAL SERVICE. AMBASSADOR SHOULD EXPRESS U.S.
DISAPPOINTMENT WITH PRIME MINISTER'S RESPONSE, WHICH DID
NOT SEEM CONSISTENT WITH SPIRIT OF PRESIDENT'S LETTER.
U.S. WISHES TO PURSUE MATTER IN EARLY TALKS, AND SINCERELY
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HOPES U.K. WILL NOT RESTRICT BOSTON SERVICE IN INTERIM.

2. AMBASSADOR IS REQUESTED TO MAKE FOLLOWING POINTS TO
SEC STATE DELL ON MONDAY MORNING. SUBJECT NEED NOT BE
DISCUSSED IN DETAIL, BUT IT IS IMPORTANT THAT BRITISH
REALIZE THAT SUBJECT IS OF PRIORITY IMPORTANCE TO PRESI-
DENT AND CONGRESSIONAL LEADERSHIP.

A. WHILE APPRECIATING PERSONAL REPLY FROM PRIME MINISTER, THE UNITED STATES IS DEEPLY DISAPPOINTED WITH THE SUBSTANCE OF THE UK RESPONSE. THE PRESIDENT HAS OFFERED TO MAKE NEW OPPORTUNITIES AVAILABLE TO BRITISH IN RETURN FOR

DUAL DESIGNATION AT BOSTON, BUT INSTEAD THE U.K. HAS PROPOSED RESTRICTIONS ON U.S. CARRIERS OF THE TYPE THAT ARE CONTRARY TO PRESIDENT'S FIRMLY HELD BELIEF ON A LIBERAL AVIATION REGIME. WE CANNOT NEGOTIATE ALONG THE LINES OF THE PRIME MINISTER'S COUNTERPROPOSAL.

B. NEVERTHELESS, U.S. WISHES TO EXPLORE FULLY WITH BRITISH THE POSSIBILITY OF AN AGREEMENT IN WHICH BOTH SIDES WOULD OBTAIN BENEFITS. A DELEGATION IS PREPARED TO TRAVEL TO LONDON ON EARLY NOTICE FOR THIS PURPOSE. U.S. PROPOSES A MEETING DURING THE WEEK OF JUNE 19.

C. THE PRESIDENT HAS INSTRUCTED SEC VANCE TO DESIGNATE LOS ANGELES FOR DUAL U.S. AIRLINE SERVICE EFFECTIVE JUNE 15, AND THIS DESIGNATION IS BEING MADE FORMALLY THROUGH LONDON EMBASSY. FOLLOWING UP ON NOTE PROVIDED TO AMBASSADOR JAY IN WASHINGTON ON JUNE 2, U.S. SINCERELY HOPES U.K. WILL ALLOW BOSTON SERVICE TO CONTINUE BEYOND JUNE 15, WITHOUT RESTRICTIONS ON EXISTING FREQUENCIES OR CHANGE IN AIRPORT, FOR INTERIM PERIOD NECESSARY TO EXPLORE AGREEMENT

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ON PERMANENT DUAL BOSTON SERVICE. ABRUPT TERMINATION OF BOSTON PAN AM SERVICE WOULD BE A DISAPPOINTMENT TO PRESIDENT AND AROUSE STRONG CONGRESSIONAL REACTION.

3. FYI: IT IS NOT LIKELY THAT THERE WILL BE A PERSONAL WRITTEN RESPONSE BY PRESIDENT TO CALLAGHAN REPLY. BRITISH REPLY MAY HAVE BEEN FORMULATED BY DOT WITHOUT SUBSTANTIAL INVOLVEMENT BY CALLAGHAN, ON ASSUMPTION THAT THIS WAS NOT IN FACT OF PERSONAL INTEREST TO PRESIDENT. THE ASSUMPTION IS INCORRECT, BUT ADDITIONAL CARTER LETTER IS NOT LIKELY TO DISPEL IT. PHONE CALL FROM CARTER TO CHALLAGHAN IS BEING SERIOUSLY CONSIDERED WITHIN WHITE HOUSE.

4. DEPARTMENT RECOMMENDS THAT EMBASSY BE REASONABLY FORTHCOMING WITH PRESS IN RESPONDING TO INQUIRIES ON STATUS OF DUAL DESIGNATION ISSUE. IT APPEARS LIKELY THAT BRITISH AIRWAYS OPPOSITION TO COUNTEROFFERS FAVORED BY LAKER AND/OR BRITISH CALLADONIAN CAUSED UNSATISFACTORY U.K. RESPONSE, AND THAT PUBLIC SUPPORT FOR U.S. POSITION MAY CAUSE U.K. GOVERNMENT TO RECONSIDER WISDOM OF ITS RESTRICTIVE POSITION.

5. WHITE HOUSE WOULD APPRECIATE REPORT ON DELL MEETING
AND AMBASSADOR'S RECOMMENDATION ON DESIRABILITY AND TIMING
OF CARTER-CHALLAGHAN PHONE CALL. VANCE

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 jun 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE148149
Document Source: CORE
Document Unique ID: 00
Drafter: JATWOOD:ME
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780243-0821
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780672/aaaackex.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e7a5bf8b-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2402865
Secure: OPEN
Status: NATIVE
Subject: CIVAIR; UK REPLY TO PRESIDENT'S LETTER ON DUAL DESIGNATION
TAGS: EAIR, UK
To: LONDON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e7a5bf8b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014